



Transformation Management Strategy

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Transformation Management Strategy

Summary

The purpose of this tool is to assist program managers in developing a transformation management strategy to support Army Enterprise Resource Planning (ERP) or Continuous Business Process Improvement (CBPI) programs.

Purpose

The purpose of the transformation management strategy is to define the approach to managing change for [Enterprise Resource Planning](#) (ERP) and [Continuous Business Process Improvement](#) (CBPI) programs for Army Business Mission Area (BMA).

The Transformation Management (TM) section outlines the following:

- **Defines transformation management** including objectives, guidelines for using transformation management, and key activities
- **Describes** transformation management and recommends an approach for using transformation management on Army ERP and CBPI programs
- **Outlines transformation management activities** in the transformation management guide that complement the [Enterprise Integration Toolkit](#) Road Map for an ERP program and explains why transformation management is an essential component of an ERP or CBPI program

Scope

The Transformation Management Strategy concerns all changes that have an impact on [Army personnel](#) and is included as part of the scope of the [Army BMA](#) for an ERP or CBPI programs. These changes may require communication, buy-in, changes in technical and non-technical job skills requirements, education, organizational restructuring, cultural or performance management adjustment to help ensure the ERP or CBPI program is implemented successfully. In other words, it concerns any change requiring people, an organization's most important asset, to do things in a sufficiently new way, causing them to ask the questions "why do I have to do this?" and "how will the organization support me in this now and in the future?" The key to a successful ERP or CBPI programs is a solution that simultaneously addresses people, process and technology to support the [Army's mission, vision and strategy](#).

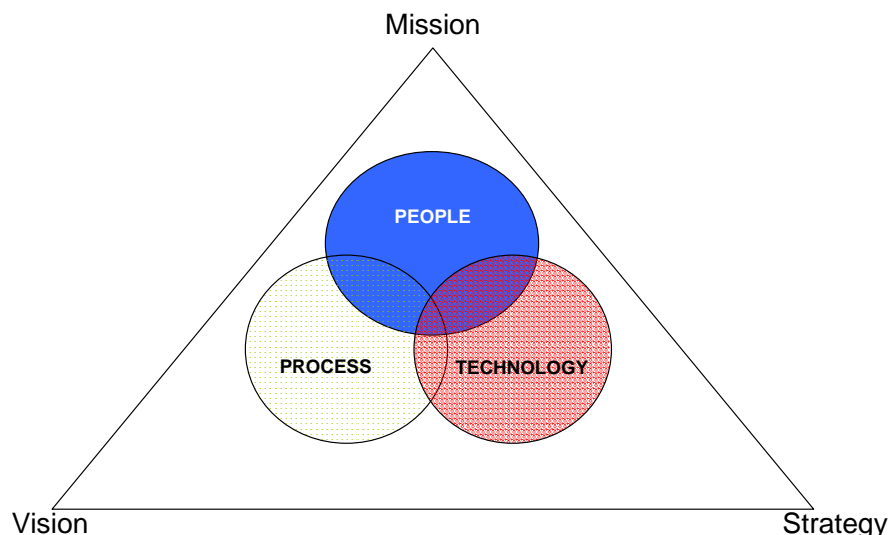
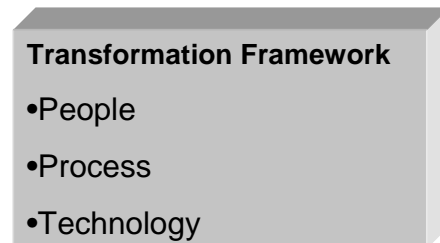




Figure 1 - People/Process/Technology Change Model

In People/Process/Technology model of change (See Figure 1), transformation management concerns the people and the organizational change issues associated with an ERP or CBPI program.

Transformation Management Objectives

The main goal of the transformation management strategy is:

To increase the likelihood that all Army BMA personnel and external stakeholders impacted by an ERP or CBPI program, or having influence on the program, support the program objectives, understand the impact of the program on them, are committed to its success and understand the role they are to play in helping to implement the new ERP system or business processes.

Objectives

- Sponsorship
- Performance Measurements
- Two-way Communications
- Education
- Organization Structure
- Personnel Implications

Key objectives of transformation management activities supporting a business mission area ERP or CBPI program are outlined below:

- Develop committed **sponsorship** for an ERP or CBPI program throughout the Army.
- Identify **performance measurements** that support the goals of the ERP or CBPI program and can be measured and monitored throughout the program lifecycle.
- Ensure that a process of **two-way communication** between all internal and external stakeholders and the project team is established, so that people have the opportunity to learn about the business mission area ERP or CBPI program (and how it will impact them), and also are able to provide feedback to the program team.
- Ensure all those who need to make changes to the way they work are provided an **education opportunity** to learn new skills or processes as required.
- Ensure BMA **organization structure** (including role definition and job design) supports new processes and the future operational strategy.
- Identify overall **human capital management implications and requirements** in the context of the ultimate aims of the ERP or CBPI program.
- Provide background information on transformation management including **activities, tools and templates** that can be used by [Army program managers](#) to support any change initiative.

What is Transformation Management?

Transformation management is an iterative process, not an event. Transformation management is the process, tools, and techniques to manage the people aspect of change to achieve the most successful outcome. Organizational transformation can be defined as a significant change in the skills, processes, structures and culture of an organization that signal a qualitative shift in the nature of the organization's capabilities¹. Transformation management uses tools and techniques to realize the [ERP](#) or [CBPI solution](#) within the organizational infrastructure of the Army BMA.

Transformation Definition

Process, tools, and techniques to manage the people-side of change to achieve the most successful outcome

Transformation management is also called organizational change management (OCM). Dr. Marietta Baba states² that OCM focuses on the human, organization and cultural dimensions of change, and should be conducted in parallel and coordinated with a technology change. Organizational change



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management is different than technical change management. [Technical change management](#) can be defined as the process of controlling changes to the infrastructure or any aspects of services, in a controlled manner, enabling approved changes with minimum disruption³.

Assumptions

Key assumptions of transformation management activities supporting an ERP or CBPI program are outlined below:

- Transformation management is an iterative process, not a one-time event. Transformation management activities are identified for all phases of an ERP or CBPI program.
- A dedicated team supports transformation management activities for all lifecycle phases (initiation, acquisition, implementation and, post-go live) of an ERP or CBPI program for BMAs.
- The costs to support transformation management activities for all phases of an ERP or CBPI program are included in the acquisition plan.
- Transformation management activities include leadership and stakeholder alignment, communication, organizational alignment and learning.
- Since no two ERP or CBPI programs are alike, the transformation management team is able to scale transformation management activities to meet the needs of the program.
- Senior leadership is committed to the change and actively participates in the transformation process.

Assumptions

- Iterative Process
- Dedicated Team
- Costs to Support
- Activities
- Scale Activities
- Leadership Commitment

Transformation Management Process

The basic transformation management process includes three steps to help an [ERP](#) or [CBPI](#) program achieve its goal. Kurt Lewin outlined the steps in the change process: the present state, the transition state and the desired state⁴ (See Figure 2) in his 1958 model.

Change Process

- Present State
- Transition State
- Future State

Change Process

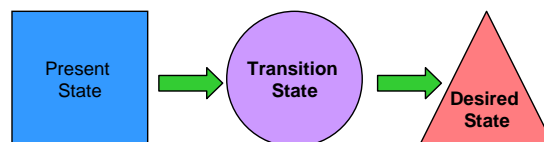


Figure 2 -Change Management Process

The first step in any ERP or CBPI transformation management initiative is to understand the present state. The transition state includes outlining steps to achieve the future state, which is the third step⁵. To move from the present state to the desired state, Lewin said that you needed to “unfreeze” behavior before you could change behavior. After the change, the new behaviors are then “frozen”. It is important to think about Lewin’s change process steps and the tools and techniques to manage the people aspect of change to achieve the most successful outcome when developing a Transformation Management plan that supports an ERP or CBPI [program mission, vision and strategy](#).



Transformation Management Schedule and Resources

It is important to include transformation management activities for an [ERP](#) or [CBPI](#) program during the scheduling process. Both the [EI Toolkit](#) and the [transformation management guide](#) identify transformation management and/or change management activities and tasks during all phases of an ERP program so it is appropriate to schedule those tasks and activities throughout an entire program lifecycle.

Transformation Management - Points to Consider

- Schedule Activities and Tasks
- Allocate Resources

It is also essential to allocate full-time transformation management resources to support an ERP or CBPI program. The number of resources allocated to supporting transformation management activities and tasks will vary based on program scope, size and requirements but must be considered during the program planning process.

The table below (See Table 1) provides some notional guidance to allocate transformation management resources for an ERP or CBPI program. Please note that all transformation management planning, leadership and stakeholder management, communications, organizational alignment and learning activities and tasks must be considered when allocating resources for a specific program.

Table 1 – Transformation Management Resources

Initiation	Acquisition	Implementation	Post Go-Live
1 Senior Resource	1 Senior Resource	1 Senior Resource	1 Senior Resource
1 Junior Resource	3 Junior Resources	3-10 Junior resources (depends on scope of training delivery)	1 Junior Resource

Transformation Management Costs

It is important that Army [ERP](#) and [CBPI](#) program managers include transformation management costs during the program [acquisition process](#)⁶. Transformation management costs will vary by ERP or CBPI program requirements, but on average 10% to 15% of total program budget should be allocated to change management activities.⁷ It is also critical that specific transformation management services and deliverables are specified during the acquisition process. Please review the [EI Toolkit](#) or [transformation management guide](#) for assistance in identifying specific transformation management tasks and events to support an Army ERP or CBPI program.



Transformation Management Guide

Overview

The Honorable Dr. Francis Harvey, Secretary of the Army, identified [business transformation](#) as one of his key priorities because successful business transformation will free up financial resources that can be applied to the warfighter⁸. The Army's priority on supporting the warfighter is one of the main principles of [Human Capital Management](#) (HCM) because it focuses on the Army's most important asset, its people. Successfully addressing the issues of transformation management will help ensure that an [ERP](#) and [CBPI](#) program provide the BMA the ability to meet its objective, because transformation management is a critical part of any program. Moreover, effective and efficient business mission area operations enable superior operations by the [Warfighter Mission Area](#) (WMA).

In a [survey of CEOs](#) who had recently implemented ERPs, 73% identified cultural and organization factors as the risks (high or very high risk), compared to 41% identifying business and process factors as carrying an equivalent risk, and 27% identifying the same level of risk for technology and system factors⁹. These results reveal the importance of investing budget and resources for transformation management services for all phases of an ERP or CBPI program. An effective transformation management program increases the likelihood that a project will be completed successfully and anticipated benefits are delivered.

As business process changes are implemented, the BMA will be required to change the way in which it works, develop new skill sets and ultimately modify its overall culture. It is also likely that new process and/or technology changes will result in new inter-relationships, interfaces, and roles. It is essential that the organization fully understands and embraces these new changes.

A successful approach to transformation management outlines critical success factors (CSFs) to help a program achieve success and provides a framework to support transformation management activities. The following sections introduce CSFs and a framework, transformation guide, to support a successful ERP and CBPI transformation management initiative.

Critical Success Factors

To achieve the full potential of an ERP or CBPI program it is important to understand and assess a number of critical success factors (CSFs) prior to program initiation. The [Change Wheel](#), (See Figure 3) identifies the CSFs that will facilitate program success¹⁰.

Critical Success Factors

- Vision
- Leadership
- Stakeholder
- Project Team
- Processes
- Skills
- Personnel
- Culture
- Communication

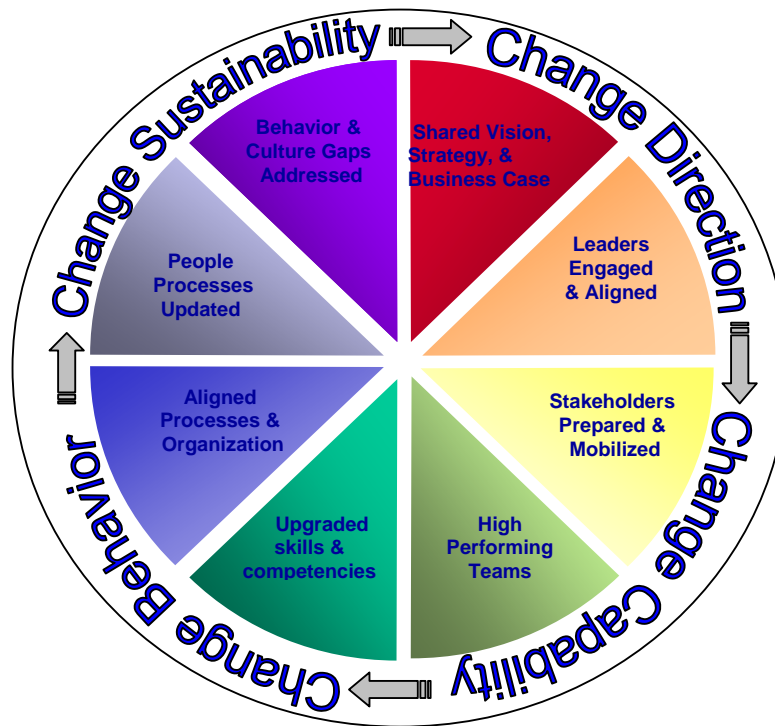


Figure 3 - Change Wheel Adapted from Capgemini Government Solutions

- **Shared Vision, Strategy and Powerful Business Case** – a clear vision of the future of the ERP or CBPI program, aligned to the overall business strategy, is developed to convey a compelling picture of the organization. A benefits-driven business case is created that highlights the opportunity for improvement and need for change.
- **Leaders Engaged and Aligned** – develop a guiding coalition that identifies the senior leaders required to lead the change, establish clear accountability and responsibilities for implementing the change, and set strategies for enlisting support (e.g., ensure that the right people are actively involved in developing solutions and being informed of decisions and outcomes at the right time)
- **Stakeholders Prepared and Mobilized** – there will be a number of individuals and groups whose support and buy-in will be critical to success and the realization of benefits. A structured approach will identify, monitor and manage key stakeholders.
- **High Performing Project Team Created** – involving the entire project team in delivering the change and not just the change team helps ensure the success of the ERP or CBPI initiative.
- **Aligned Processes and Organization** – new processes are agreed to and understood at all levels within the BMA, organizational performance change opportunities and implications are identified and agreed. Actions are taken to align organization [Human Capital Management](#) components to the ERP or CBPI processes. This ensures the people who will use the processes and/or system will know their role in the organization, how their performance is measured, and what on-going training or tools are required to successfully perform their work.



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- **Aligned Skills and Competencies** – training is developed and provided in order to sustain change within the organization. Material is leveraged from the change readiness assessment and based on how individuals will perform their jobs in the future state enabled by the ERP solution or CBPI program. A continuous education program is instituted to support the program needs on an ongoing basis.
- **Updated Personnel Processes** – Human Resources/People and performance management processes are adapted to enable change, while HR/People development processes are aligned to the vision and strategy.
- **Behavior and Culture Gaps Addressed** – culture must be a consideration when a strategic decision requires a shift in performance expectations and the manner in which personnel work on a daily basis. Alignment between performance management and the [human resource lifecycle functions](#) (structure, acquisition, distribution, develop, deployment, compensation, sustainment and transition)¹¹ must be addressed.
- **Change-Specific Communication** – change-specific communication creates awareness, understanding and dialogue among constituent groups. It establishes and/or strengthens the messages, channels and ongoing four-way feedback processes between leadership, employees, customers and suppliers. It ensures that the communication framework and channels support organizational integration, and it provides opportunities for feedback and two-way communication. Change-specific communication surrounds all aspects of the [Change Wheel](#)¹².

Transformation Management Guide

The transformation management guide (See Figure 4) is a framework that complements change management tools and templates identified in the [EI Toolkit](#)¹³ to support a transformation initiative. The transformation management guide outlines transformation management tasks and events by phase and activity. The tasks and events can be leveraged by [Army program managers](#) to ensure a successful transformation management program. The transformation guide identifies additional tools and templates for events and tasks that complement tools and templates identified in the [EI Toolkit](#).

Transformation Management Guide

- Framework
- Tools and Templates

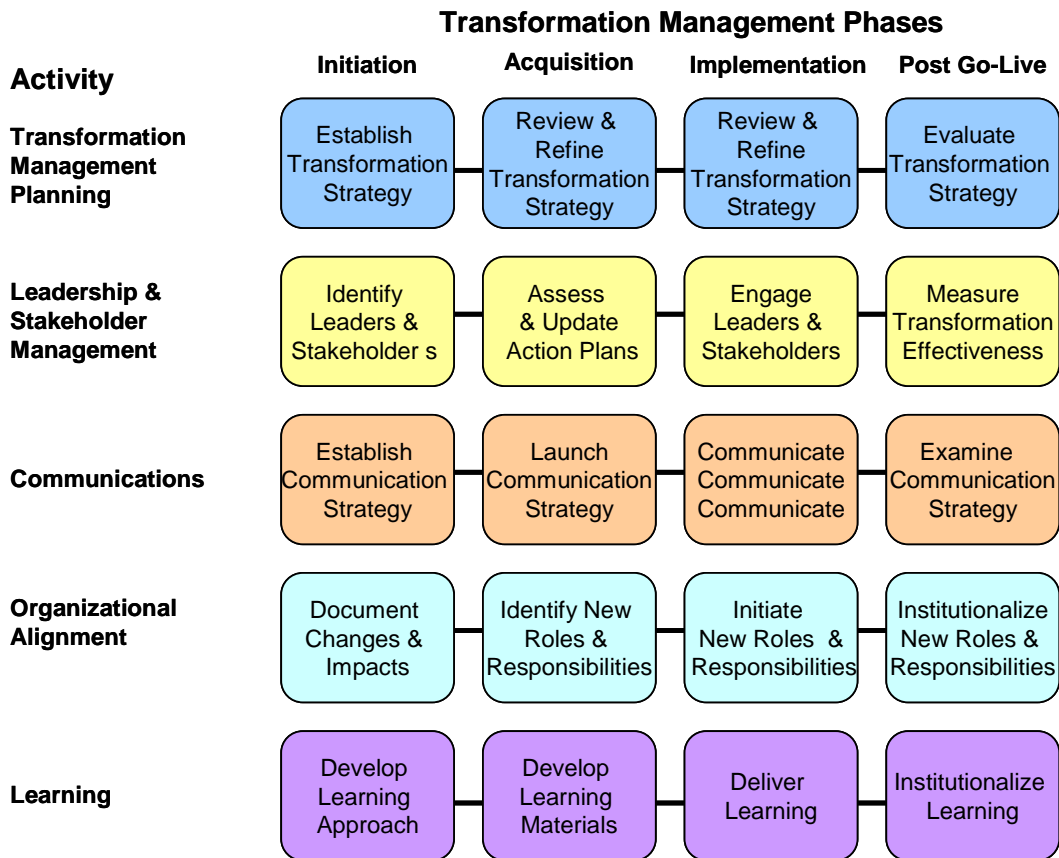


Figure 4 - Transformation Management Guide

Transformation Management Guide - Phases:

The four high-level phases in the transformation management guide are the same phases identified in the [EI Toolkit](#)¹⁴. The phases provide a framework to support transformation management activities and events for the duration of an [ERP program](#). Not all phases may be leveraged by a [CPBI program](#) but will be dependant on program requirements to support the transformation initiative. The transformation guide phases include:

- **Initiation** - The purpose of this phase is to define business case, scope and obtain resource approvals for the ERP or CBPI program.
- **Acquisition** – The purpose of this phase is to prepare the up-front work needed to acquire software for an ERP program. For a CBPI program, the focus is on the business processes impacted by the program.
- **Implementation** – During this phase, project management practices are established, the project team is trained in the selected methodology, the project plan is constructed, and project risks are assessed.
- **Post Go-Live** – This phase provides direction and guidance to program managers and teams so they are aware of options and best practices to support the ERP application and/or business process.

Transformation Management Phases

- Initiation
- Acquisition
- Implementation
- Post Go-Live



Including transformation management tasks and activities during the Post Go-Live phase of any ERP or CBPI program is important but often overlooked. Transformation management activities during the post go-live phase of an ERP program help improve the functional and technical aspects of the system through a combination of: production rollouts, upgrades, process/functionality enhancement, competency center, review and training. Transformation management activities during the post go-live phase of a CBPI programs aid in monitoring business processes, ensure consistent performance of the processes, and support the user community.

Transformation Management Guide - Activities:

Five interrelated activities are identified in the transformation management guide and cross all transformation management phases. The activities should not stand alone – only by leveraging all activities together will the full benefits of a transformation management initiative be achieved for an [ERP](#) or [CBPI program](#). The activities are:

- **Transformation management planning** - Determine overall project transformation strategy, work plan and deliverables.
- **Leadership and stakeholder management** - Align leaders around the program and future state and help them become active leaders of change.
- **Communication** - Establish a communication strategy, approach and plan to deliver timely, relevant, and clear program information
- **Organizational alignment** – Design and implement the infrastructure (organization structure, governance, culture) and human behaviors need to support ERP or CBPI program
- **Learning** - Develop and deliver end-user learning/training to ensure Army personnel are able to successfully perform their job using the new ERP system or business process.

Transformation Management Activities

- TM Planning
- Leadership Management
- Stakeholder Management
- Communication
- Organizational Alignment
- Learning

Transformation Management Planning

Transformation management planning is one of the five interrelated activities identified in the [transformation management guide](#) and crosses all phases of the framework.

The main objectives of transformation management planning activities are:

- Determine **overall project transformation management strategy**, work plan and deliverables
- Ensure **overall governance** and integration of all Transformation work
- Develop **transformation management infrastructure**
- Drive **need for change**

Transformation Management Planning

- TM Strategy
- Governance
- TM Infrastructure
- Need for Change

Key actions for transformation management planning activities consist of developing a strategy and work plan, organizing transformation management activities and developing [performance measurements](#) to support an [ERP](#) or [CBPI](#) program. The transformation management planning tasks and events include a transformation management strategy, work plans, deliverables checklist and performance measurement guidance.

Leadership & Stakeholder Management

Leadership and stakeholder management is one of the five interrelated activities identified in the [transformation management guide](#) and crosses all phases of the framework.

The main objectives of leadership and stakeholder management activities are:

- Specify **new behaviors** for the future state
- **Align leaders** around the program and future state and help them become active leaders of change
- Translate business case into **compelling vision of the future**
- Identify program **stakeholder** [roles and responsibilities](#)

Leadership & Stakeholder Management

- New Behaviors
- Align Leaders
- Compelling Vision
- Roles and Responsibilities

Key actions for leadership and stakeholder management activities consist of identifying program sponsors and impacted leaders, involve leaders and stakeholder to create a clear vision of the future, create and communicate verbal and graphical representation of the vision, education leaders on their roles and responsibilities for the [ERP](#) or [CBPI](#) transformation effort. The leadership and stakeholder management tasks and events include a clear vision of the future and leaders with a clear understanding of how their role enables change and who appreciate the “human side” of change.

Communications

Communications is one of the five interrelated activities identified in the [transformation management guide](#) and crosses all phases of the framework.

The main objectives of communications activities are:

- **Establish a communication strategy**, approach and plan to deliver timely, relevant, and clear program information
- **Build stakeholder commitment** for the future state
- Mobilize BMA to **support and embrace** [ERP](#) or [CBPI](#) program change

Communications

- Communication Strategy
- Build Stakeholder Commitment
- Support & Embrace Change

Key actions for communications activities consist of identifying all stakeholder groups, developing and executing communications plan, collecting change-related information to develop stakeholder-specific communications, using a variety of media to reach stakeholders with a focus on a constant



flow of two-way communications, analyzing communication effectiveness and adjust as appropriate. The communications tasks and events include a designed and implemented communications plan.

Organizational Alignment

Organizational Alignment is one of the five interrelated activities identified in the [transformation management guide](#) and crosses all phases of the framework.

Organizational Alignment

- Implement Infrastructure
- Clear Roles
- HR Lifecycle Functions

The main objectives of organizational alignment activities are:

- **Design and implement the infrastructure** (organization structure, governance, culture) and human behaviors need to support the [ERP](#) or [CBPI](#) program future state
- Develop **clear roles and responsibilities** for any personnel positions impacted by ERP or CBPI program transformation initiative
- Use **human resource lifecycle functions** (structure, acquisition, distribution, develop, deployment, compensation, sustainment and transition)^{xv} to shape, reinforce, and sustain the desired performance and culture

Key actions for organizational alignment activities consist of assessing organization readiness for change, identifying desired future state behaviors and attitudes for change, determining required change in roles and responsibilities for positions impacted by change, creating an organization structure to best meet the program objectives, analyzing human resource lifecycle functions to determine how to align them with future state, and creating an environment where desired behaviors are modeled, developed, measured and rewarded. The organizational alignment tasks and events include redefined roles and responsibilities, organization structure and using human resource lifecycle functions to support alignment to ERP or CBPI program future state.

Learning

Learning is one of the five interrelated activities identified in the [transformation management guide](#) and crosses all phases of the framework.

Learning

- Develop and Deliver Training
- Assess Learning

The main objectives of learning activities are:

- **Develop and deliver end-user training** to ensure that all Army personnel are provided with the opportunity to learn new skills or process to perform their job
- **Measure and assess** Army personnel learning results to make certain [ERP](#) or [CBPI](#) program objectives are met

Key actions for learning activities consist of developing overall end user learning strategy and approach, developing course outlines and templates, assessing current and future skills and competencies in order to identify individual training requirements. The learning tasks and events include learning strategy, approach, work plan and course learning materials.

Transformation Management for CBPI Programs

The transformation guide is focused on outlining transformation management tasks and events to support an ERP program but the same activities, tasks and events can be leveraged to support a [Continuous Business Process Improvement \(CBPI\) program](#). Listed below are the primary differences for a CBPI program:

TM for CBPI

- Phases
- End-user Involvement
- Training Development
- Staffing

- Not all life cycle phases may be necessary to support the program but Transformation Management tasks and events can be leveraged to support a CBPI program
- There is a reduced opportunity for end-user involvement for a CBPI program because there is typically no user acceptance test (UAT), but UAT can provide an opportunity to test the business process if incorporated into program.
- Training development and delivery is usually not as complex for a CBPI program because it only includes business processes and simple simulations (the technology aspect is removed).
- The staffing requirements needed to support the Transformation Management team should be lower during the Realization and Implementation lifecycle phases because education development and delivery focuses on business processes and simulations.

Please review the [\(CBPI\) Resource Center](#) for technically current, useful and easily accessible information on the “how-to” of continuous business process improvement to support a CBPI program initiative.

Role & Responsibilities

Stakeholders are individuals or groups, who have a direct stake in the outcome of the [Army ERP](#) or [CBPI program](#) effort; who will be impacted by new organizational structures, business processes and procedures, job / roles, and enterprise solutions. They have the power to either facilitate and support or impede and block the identification, development, and implementation of necessary changes. The primary stakeholder groups include:

- **Executive sponsors** - Strong, visible support from executive sponsors and senior executive stakeholders is critical to any ERP or CBPI program transformation management initiative. These senior leaders have ultimate authority and responsibility to drive program success. The executive sponsors are the ultimate decision authority responsible for the success of the effort and for resolution of any issues that the steering committee is unable to resolve.
- **Steering committee level** - This group has overall responsibility for achieving [cross-functional BMA capabilities](#) through the application of ERP or CBPI enterprise solution efforts. They have prime responsibility for program planning and budgeting, investment strategies, and end-to-end connectivity across the enterprise, and will be responsible for tracking performance and progress, resolving conflicts over issues, and providing high-level direction to Army business transformation efforts.



- **Supporting leadership** - This group includes leadership of operational and institutional organizations or entities, inside and outside the Army. It includes Program Executive Offices (PEOs), Program Managers (PMs), Resource Managers (RMs) transformation offices, enterprise integration offices, DoD or DA Staff, configuration control boards, and major commands / combatant commanders. It would also include influential external stakeholders such as adjacent and supporting organizations, unified commands, Defense Agencies, and other Federal organizations.
- **Influencers** - These offices or groups have reporting relationships with the supporting leadership, whether as seniors, peers, or juniors, who will observe, measure and evaluate program progress and commitment.
- **Enterprise Process Owners** - These process-based, BMA owners have direct responsibility for:
 - Developing a business transformation strategy, goals and objectives
 - Identifying the business capabilities needed
 - Employing cross-functional, end-to-end business process re-engineering techniques and selecting enterprise solutions that will enable them
 - Defining an investment strategy and transition plan to achieve it through [portfolio management](#)
 - Ensuring the compliance of all enterprise solutions with the appropriate architecture, registration requirements, investment / portfolio management processes, and transition plans
 - Establishing and supporting a Change Leader / Agent network to drive transformation management activities
 - Developing performance measures to track program progress
 - The enterprise process owners have direct influence on stakeholders, the ability to monitor performance and determine the impact of the change on stakeholders, and track and report progress in alignment to the business transformation strategy.
- **Target Audiences** - Transitional terms used to designate the stakeholders, or stakeholder groups, who will be targeted for a particular communication.

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